Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Qwest Tariff FCC No. 1	)	**WCB Docket No. 02-117**
Transmittal No. 120	)	
	)	

WORLDCOM COMMENTS

WorldCom, Inc. (WorldCom) hereby submits its comments on the Direct Case submitted by Qwest Corporation (Qwest) on June 10, 2002 in the above-captioned proceeding. Although Qwest has made a few token modifications to its thousands-block number pooling cost study, Qwest's cost study still includes an array of unjustified costs. Qwest is claiming a total exogenous adjustment of $91.6 million over two years, far more than any other RBOC.

Switching Costs

In its Direct Case, Qwest has reduced its switch cost estimate from $40.6 million to $30.9 million, by eliminating certain DMS-10 and AXE-10 upgrade costs from its cost study. Even after these adjustments, however, Qwest's claimed switch upgrade costs are still higher than those claimed by other large ILECs such as Verizon and BellSouth.[1]

In light of the significant discrepancy between the switch upgrade costs claimed by Qwest and the switch upgrade costs claimed by the other large ILECs, the Bureau should

[1] Verizon has claimed no switch upgrade costs and BellSouth claimed only $12,277 in switch upgrade costs. SBC's claimed switch upgrade costs are also much higher than those claimed by Verizon and BellSouth. WorldCom is seeking rejection or, in the alternative, suspension and investigation of SBC's thousands-block pooling tariff filings.

require Qwest to provide documentation supporting the switch upgrade costs shown on Workpaper 1 of Qwest's Direct Case. In the alternative, the Commission should conduct a field investigation of the type conducted by Bureau staff as part of the investigation of the ILECs' local number portability (LNP) tariffs.[2] The Commission should investigate, in particular, whether the switch upgrade costs shown in Qwest's Direct Case include loadings or overhead of any type and, if so, how those loadings were computed.

Network Support

Qwest continues to claim network support costs that are far greater than those claimed by any other large ILEC. In total, Qwest is claiming $16.8 million in "headcount" costs, as well as $2.4 million in service delivery costs and additional personnel costs included in the OSS category. The other ILECs' claimed personnel costs for equivalent functions are far lower: Ameritech, for example, is claiming $2.4 million in network operations expense,[3] SWBT is claiming $1.9 million in network operations expense,[4] and Pacific Bell is claiming $0.7 million in network operations expense.[5]

Contrary to Qwest's contention that other ILECs' cost estimates are irrelevant to an evaluation of Qwest's claimed personnel expense,[6] the Commission has frequently used "benchmarking" to reject ILEC cost estimates significantly above the industry average.[7] In this case, the discrepancy between Qwest's claimed costs and those of other carriers is so pronounced that that differential cannot be explained by differences in ILECs' operating

---

[2] See, e.g., Long-Term Number Portability Tariff Filings, Memorandum Opinion and Order, CC Docket No. 99-35, released July 16, 1999, at ¶ 4.
[3] Ameritech Transmittal No. 1308, Workpaper AIT, page 2.
[4] SWBT Transmittal No. 2902, Workpaper SWBT, page 2.
[5] Pacific Bell Transmittal No. 74, Workpaper PB, page 2.
[6] Qwest Direct Case at 8 n.21.
[7] See, e.g., 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services, Report and Order, 11 FCC Rcd 15227, ¶¶ 101-102 (1996).

environment. Given that SWBT, for example, projects a total cost of $400,000 to evaluate thousands-blocks for donation, it is unreasonable for Qwest to claim recovery of $8 million to perform the same function.[8] Among other things, the Commission should determine whether the expenses claimed by Qwest are in fact "new" costs, rather than costs associated with existing personnel whose responsibilities may have been modified to reflect the introduction of thousands-block number pooling.

Moreover, Qwest has failed to comply with several requirements of the Designation Order. For example, Qwest has failed to provide, for item 30 on Workpaper 1a, the "specific descriptions and details of trouble conditions that have arisen" or the "action necessary to resolve the trouble condition."[9] Nor has Qwest distinguished the costs required to enable thousands-block number pooling from the costs associated with the other numbering administration mandates enumerated in the Third NRO Order, as is required by paragraphs 6-7 of the Designation Order. And Qwest has failed to distinguish the claimed headcount costs from the "Use of Pooled Numbers," "Management Team," "Due Diligence," and "NP Core" costs[10] included under OSS costs, as is required by paragraph 10 of the Designation Order. The "Management Team," "Due Diligence," and "NP Core" costs only increase the discrepancy between the personnel costs claimed by Qwest and the personnel costs claimed by other ILECs.

---

[8] Compare Qwest Direct Case, Workpaper 1, "Headcount" category 33 (described on Workpaper 1a, page 10) with SWBT Transmittal No. 2902, Workpaper SWBT, page 2, "TNAC/CSC/NAC" (described in the D&J at page 14).

[9] Designation Order at ¶ 12.

[10] Qwest Direct Case, Workpaper 2a, items 2, 39, 40, and 55.

OSS Costs

In its Direct Case, Qwest has made a number of minor modifications to the OSS portion of its cost study, reducing the claimed amount from approximately $34 million to approximately $28 million.

The modest changes to Qwest's cost study do not correct the basic deficiency of that cost study: contrary to the Third NRO Order's requirements, Qwest continues to claim costs associated with "adapting other systems to the presence of number pooling."[11] Indeed, Qwest's Direct Case confirms that Qwest has used an unreasonably expansive interpretation of the OSS cost categories eligible for recovery. Whereas the Third NRO Order permits recovery of the category of costs necessary to "adapt the procedures for querying databases and for routing calls," the Qwest Direct Case also includes within that category the costs of OSS modifications incurred for "assigning numbers by accurately processing service orders."[12] Similarly, whereas the Third NRO Order permits recovery of the category of costs necessary to "create and populate the regional databases and carriers' local copies of these databases," the Qwest Direct Case also includes within that category the cost of modifying "numerous systems and subsystems that receive feeds from these local databases."[13]

Because the Third NRO Order makes clear that the cost of modifying ordering and other ancillary systems to operate in a number pooling environment are not eligible for recovery through the extraordinary federal cost recovery mechanism,[14] the Commission should disallow many of the system modification costs claimed by Qwest, including ROMS/RMSC (Workpaper 2a, Item #7), Soft Dial Tone Manager (#13), Autopopulate

---

[11] Third NRO Order at ¶ 45.
[12] Qwest Direct Case, Workpaper 2a, page 1, Qwest description of "Category 2."
[13] Qwest Direct Case, Workpaper 2a, page 1, Qwest description of "Category 3."

(Retail (#6), TAG (#15), Data Arbiter (#16), SIA (#17), SONAR (#18), SOLAR (#21), SOPAD (#22), RSOLAR (#28), RSOE (#29), SOPs (#47), OBS (#44)), Fetch'n'Stuff (#33), and Automatic Provisioning Infrastructure (#53). While Qwest asserts that these systems were modified to "allow proper routing," there is nothing in the Direct Case to support that claim. To the contrary, the Direct Case shows that these are predominantly ordering systems that were adapted to a pooling environment. The modifications did nothing to enable call routing as such.

For the reasons stated herein, the Commission should reject Qwest Transmittal No. 120 or, in the alternative, disallow a significant portion of the switch, personnel, and OSS costs claimed by Qwest.

Respectfully submitted,
WORLDCOM, INC.

/s/ Alan Buzacott

Alan Buzacott
1133 19th Street, N.W.
Washington, DC 20036
(202) 887-3204

June 24, 2002

---

[14] Third NRO Order at ¶ 45.